

Message Text

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PAGE 01 LONDON 02245 01 OF 02 121314Z

53

ACTION EUR-12

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TO SECSTATE WASHDC 8935

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INFO USMISSION NATO BRUSSELS

USCINCEUR

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C O N F I D E N T I A L SECTION 01 OF 02 LONDON 02245

DEFENSE FOR ISA

E.O. 11652: GDS

TAGS: MPOL, NATO, UK

SUBJ: UK DEFENSE CUTS

REF: (A) LONDON 1980; (B) USNATO 714

1. MOD IS CLEARLY TROUBLED OVER THE CONSULTATION ISSUE. ON THE ONE HAND THERE WAS EVIDENCE THAT OFFICIALQ LOOKED TO CONSULTATION, WITHIN NATO AND BILATERALLY, AS A MEANS OF HELPING MOD STAVE OFF AT LEAST THE WORST CASE THREAT OF REALLY HEAVY CUTS. THUS DURING THE EARLY TO MID-STAGE OF THE BATTLE ON CUTS IN PUBLIC EXPENDITURE WE WERE ASSURED THAT "CONSULTATIONS" WOULD TAKE PLACE. ON THE OTHER HAND, OFFICIALS ARE NOW CONFRONTED BY A MINISTERIAL ADMONITION THAT THERE WILL BE NO "CONSULTATIONS" AS SUCH (LONDON 350 AND 611) ALTHOUGH CLEARLY THE BRITISH INTEND TO DISCUSS THE IMPLICATIONS OF THE PUBLIC EXPENDITURE WHITE PAPER WITH US AND THE FRG BEFORE THE DEFENCE WHITE PAPER IS PUBLISHED. THERE IS NO OBJECTION WE CAN DETECT HERE TO INSTITUTIONALIZED CONSULTATIONS PER SE -- THAT GOES ON IN MANY FORA. THE NUANCE

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PAGE 02 LONDON 02245 01 OF 02 121314Z

PARA 4 REFTEL INTENDED TO CONVEY IS THAT THERE IS A

RELUCTANCE TO FORMALLY CONSULT NATO AND THE RATIONALE FOR JUSTIFYING NOT DOING SO HAS BEEN PUT IN TERMS OF (A) THE FORTHCOMING UK DEFENSE CUTS DO NOT CONSTITUTE "UNACCEPTABLE QUANTITATIVE/QUALITATIVE CHANGES" IN THE UK'S VIEWPOINT; (B) THE MOD IS FULLY AWARE OF THE ARGUMENTS AGAINST DEFENSE CUTS AND KNOWS THE IMPACT BRITISH CUTS HAVE ON BRITAIN'S OVERALL DEFENSE STRENGTH AND CAPABILITY;

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AND (C) THE TIMING OF THE CUTS FROM A DOMESTIC POLITICAL VIEWPOINT, COMES AT A PARTICULARLY DIFFICULT AND SENSITIVE STAGE IN THE BATTLE TO DEAL WITH INFLATION AND UNEMPLOYMENT. SUPERIMPOSED ON THIS IS THE POLITICAL REALITY THAT THE OPPOSITION HAS VERY EFFECTIVELY TAKEN UP "THE DEFENSE ISSUE" THROUGH MRS. THATCHER'S RECENT SPEECHES AND CONSEQUENTLY THE WILSON GOVERNMENT IS GENUINELY CONCERNED THAT THERE MAY BE A DANGER OF "ALLIANCE SUPPORT" FOR THE OPPOSITION'S STAND RATHER THAN THE GOVERNMENT'S.

2. THE BRITISH ARE CONCERNED THAT THE REACTION OF SOME OTHER NATO COUNTRIES COULD BE TO FOLLOW THE BRITISH RATIONALE -- THE DANGER THAT OTHERS FACED WITH THE SAME COMPELLING ECONOMIC PRESSURES AS BRITAIN COULD FIND IN BRITAIN'S CUTS AN EXCUSE FOR JUSTIFYING THEIR CUTS. THERE IS, THEN, A CONCERN HERE THAT SO VISIBLY AN IMPORTANT NATO MEMBER AS THE UK COULD PRECIPITATE AN UNFORTUNATE TREND. WE RECOGNIZE, OF COURSE, AS USNATO POINTS OUT THIS ARGUMENT CUTS BOTH WAYS. IT COULD BE THAT A THOROUGH DISCUSSION IN NATO OF THE BRITISH CUTS MIGHT HELP THE OTHER ALLIES RESIST PRESSURE FROM THEIR OWN PARLIAMENTS BY GIVING A FIRM BASIS FOR AN EXPLANATION OF THE BRITISH ACTION. WE SUSPECT THAT MANY BRITISH OFFICIALS WOULD AGREE WITH THIS LINE OF THOUGHT -- BUT WITH MINISTERIAL WINDS BLOWING AGAINST CONSULTATION. WE DETECT A RELUCTANCE TO BLOW HARD AGAINST THE PREVAILING WIND.

3. THERE CAN BE NO QUESTION THAT WILSON, CALLAGHAN AND MASON WILL FACE A PROFOUNDLY DISSATISFIED LEFT-WING WHEN THE RESULTS OF THE DECISIONS ON PUBLIC EXPENDITURES
CONFIDENTIAL

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PAGE 03 LONDON 02245 01 OF 02 121314Z

ARE MADE PUBLIC. THE TRIBUNE GROUP WILL NOT ONLY BE ANGERED, BUT WILL ALMOST CERTAINLY REACT AS IF THE WILSON GOVERNMENT HAD BETRAYED THE PARTY MANIFESTO AND THE ANGER WILL PRECIPITATE A FUTILE ATTEMPT TO ENSURE GOVERNMENT COMPLIANCE WITH PARTY POLICY. THERE ARE THOSE WHO WILL ARGUE MORE STRONGLY THAN EVER THAT EVEN WITH THE DEFENSE REVIEW CUTS TOGETHER WITH THE FORTHCOMING NEW CUTS, BRITAIN IS STILL CARRYING A GREATER SHARE OF THE

DEFENSE BURDEL THAN ITS CURRENT ECONOMIC RESOURCES CAN AFFORD.

4. IN LIGHT OF THE ABOVE CONSIDERATIONS WE THINK IT LIKE-

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PAGE 01 LONDON 02245 02 OF 02 121314Z

53

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 02245

LY THAT BRITISH "CONSULTATION" WITH THE US AND FRG PROBABLY WILL INCLUDE A DETAILED EXPOSITION BY MOD OF CRITERIA, ANALYSES, RATIONALE, ETC. WITH A LIST OF CHANGES THEY PLAN TO MAKE AND A REQUEST FOR OUR VIEWS. WE DO NOT BELIEVE THE BRITISH INTEND SIMPLY TO GIVE US AND THE GERMANS ADVANCE NOTIFICATION OF IRREVOCABLE DECISIONS; BUT THE EMPHASIS THEY HAVE PLACED ON "HAVING SO LITTLE ROOM FOR MANEUVER" ON NON-NATO EXPENDITURES DOES PROBABLY MEAN THAT THE NUMBER OF OPTIONS TO DISCUSS ARE LIMITED.

5. COMMENT: AS NOTED IN PARA 2, WE AGREE WITH REFTEL B, PARA 1, THAT NATO CONSULTATIONS COULD WELL HAVE A SALUTARY IMPACT. WE BELIEVE, HOWEVER, THAT AT CABINET LEVEL THERE IS A FEAR THAT A NATO REJOINDER WOULD BE "TOO .O-UGH". THUS REFTEL B'S SUGGESTION TO

TREAT WITH CIPCUMSPECTION ANY "SPECIAL PAPER" THE UK
AUTHORITIES GIVE NATO IS, IN OUR JUDGEMENT, AN APPROPRIATE
ONE. IN BRITAIN'S PRESENT POLITICAL AND ECONOMIC CLIMATE
EVENTS COULD CAUSE A COALESCENCE OF MODERATES AND LEFT-
WINGERS IN CABINET AS WELL AS IN THE PARTY ON THE DEFENSE
EXPENDITURE IQSUE. THE DANGER IN THIS -- AND IT IS NOT
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PAGE 02 LONDON 02245 02 OF 02 121314Z

YET GREAT -- IS THAT THOSE IN THE BODY POLITIC HERE WHO
ARE OPPOSED TM "DEFENSE" AND INDIFFERENT TOWARD NATO
COULD UNDERMINE BRITAIN'S LONG-TERM WILL AND THUS FEED
THOSE FORCES INIMICAL TO THE VIABILITY OF BRITAIN'S
DEFENSE CONTRIBUTION TO THE ALLIANCE.

6. IN NATO OUR STANCE SHOULD BE FIRM BUT WITHOUT BELLI-
COSITY. HOWEVER, GIVEN THE CONCERN WE KNOW THE BRITISH
SHARE WITH US THAT THE ALLIANCE CANNOT AFFORD A BUDGETARY
UNRAVELLING PPROCESS, WE DO NOT BELIEVE HMG WOULD TAKE
UMBRAGE WITH A CORRECTIVE ADMONISHMENT PROVIDED THE "CANE
IS NOT APPLIED TOO HARSHLY". THE TONE OF NATO'S REACTION
AND ITS POSTURE WILL BE IMPORTANT PARTICULARLY SINCE THE
ISSUE OF DEFENSE EXPENDITURE HAS FAIRLY POWERFUL DOMESTIC
POLITICAL OVERTONES. THE EMPHASIS SHOULD FOCUS ON GETTING
ASSURANCES FROM THE UK THAT IT IS "TAIL" AND FAT WHICH IS
BEING TRIMMED AND THAT NOTHING VITAL TO NATO'S INTERESTS
IS BEING SACRIFICED.

7. BRITAIN'S CONTRIBUTION TO WESTERN DEFENSE THOUGH
DIMINISHED AGAIN REMAINS BOTH MANINGFUL AND SIGNIFICANT.
DESPITE WILSON/CALLAGHAN/MASON POLITICAL SKILL IN STEER-
ING SUCCESSFULLY THROUGH THE CABINET A PROGRAM OF SIGNI-
FICANTLY LESSER CUTS THAN HEALEY WANTED, THEY ARE VERY
MUCH ALIVE TO THE DANGER THAT FURTHER ECONOMIC DETERIORA-
TION COULD FOPCE EVEN THEIR PRESENT COURSE OF MODERATION
TO BECOME UNSTUCK.

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